



County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 8, 2014

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer *WTF*

STATUS REPORT ON COUNTY EFFORTS TO OPEN THE NEW MARTIN LUTHER KING, JR. COMMUNITY HOSPITAL (ITEM NO. 45-A, AGENDA OF NOVEMBER 12, 2013)

On November 12, 2013, on a motion of Supervisor Mark Ridley-Thomas, your Board directed the Chief Executive Officer (CEO), in coordination with the Department of Health Services (DHS), to submit quarterly written status reports to the Board that describe the status of efforts to open the new Martin Luther King, Jr. Community Hospital (MLKCH). In the last two months, there has been continued progress towards the goal of opening the new hospital in 2015.

MLK Community Hospital Pre-Opening Activities

Martin Luther King, Jr.-Los Angeles (MLK-LA) Healthcare Corporation continues their activities for ensuring a successful hospital opening. Since the last report, MLK-LA has hired key permanent staff, including the Chief Nursing Office/Chief Operations Officer, Director of Surgery and Director of Emergency Room Services, and contracts are being finalized with key physician groups.

MLK-LA reports that a majority of the equipment and furniture has been installed and that OB capital expansion activities have commenced with an expected date of completion in March 2015. Additionally, the hospital quality improvement program has been developed and is currently being reviewed by the University of California, Los Angeles' (UCLA) Chief Quality Officer.

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MLK-LA's Electronic Health Record (EHR) system build, purchased via a three-party agreement between County, MLK-LA and Cerner Corporation (Cerner), continues on-track with only one minor milestone delay which should not impact the go-live date.

MLK Lease Agreement Items

The revised financial assistance package approved by your Board in April 2014 included various grants and loans for MLK-LA to cover certain pre- and post-hospital opening costs. In May 2014, MLK-LA accessed the pre-hospital opening long-term loan with their first draw down against those funds. Additionally, in July 2014, the County provided MLK-LA with the fifth and final installment of "start-up" funds. The Auditor-Controller conducted a review of MLK-LA's executive compensation and will provide a report on their findings.

The County and MLK-LA worked collaboratively to ensure the passage of SB 857, signed into law by the Governor in June 2014. SB 857 re-affirmed the State's commitment to support MLKCH at a level comparable to AB 2599 signed into law in 2010. Due to changes in the law since 2010, SB 857 was needed to ensure that the new MLKCH received, at a minimum, the level of financing needed to ensure the viability of the new hospital.

MLK Community Hospital and Outpatient Center Collaboration

MLKCH and DHS' Martin Luther King, Jr. Outpatient Center (MLKOC) established an Oversight Committee to create a plan for seamless patient care between the private and County facilities. Additionally, sub-committees around information technology, finance, shared services and care coordination were established and meet weekly to biweekly. Discussions are underway related to EHR connectivity for shared services and common patients, financial discussions to update hospital pro forma given SB 857 and hospital presumptive eligibility, direct admissions, discharge protocols and clinical shared services on the MLK Campus.

Pre-opening Items Likely to Require Action by the Board of Supervisors

CEO will be seeking Board approval of an amendment to the Cerner agreement, at no cost to the County, to purchase Point-of-Use software to assist with inventory management and to ensure tracking of supplies for cost reimbursement purposes. The amendment will also include the purchase of Cerner services for blood bank certification. As mentioned above, the Cerner Agreement is currently a three-party agreement and as such, requires County Board approval to add these services to the agreement. On or around hospital opening, the County will no longer be a party to the

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EHR agreement and it will become a two-party agreement between MLK-LA and Cerner, requiring no further involvement by the County for any changes or amendments.

The Lease Agreement contemplated the need for the County/MLK-LA, in the months leading up to hospital opening, to engage in discussion about which services should be shared between MLKCH and MLKOC. After much discussion between the parties, a need for sharing lab/pathology and blood bank services has been identified at this time. As these services need to be in-place prior to hospital opening for licensing/certification purposes, and as workflows need to be developed as it relates to EHR implementation, DHS intends to request Board approval of said shared services agreement in September/October 2014.

Lastly, as mentioned in a briefing to health deputies earlier this month, the County is currently vetting a request from MLK-LA to assist them with pursuing funding via the new market tax credit financing structure. Given the highly technical nature of this type of financing, more information will be provided to your deputies in the coming weeks.

If you have any questions or require additional information, please contact me, or your staff may contact Gregory Polk at (213) 974-1160 or gpolk@ceo.lacounty.gov.

WTF:GP
EB:bjs

c: Executive Office, Board of Supervisors
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